

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-228-S – ORDER NO. 2018-__
FEBRUARY __, 2018

IN RE:

Application of Palmetto Utilities,
Incorporated for Adjustment of Rates and
Charges for Customers in the Palmetto
Utilities and Palmetto of Richland County
Service Areas

**ORDER APPROVING INCREASE
IN RATES AND CHARGES,
RATE SCHEDULE, AND
MODIFICATION OF TERMS
AND CONDITIONS**

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the “Commission”) on the Application of Palmetto Utilities, Inc., (“PUI” or “the Company”) for an increase in rates and charges for the provision of sewer service and the modification of certain terms and conditions related to the provision of such service. The Application was filed on August 31, 2017, pursuant to S.C. Code Ann. § 58-5-240 (2015) and S.C. Code Ann. Regs. 103-512.4.A. and 103-503 (2012) with a test year ending March 31, 2017.

By letter dated September 20, 2017, the Commission’s Docketing Department instructed PUI to publish a prepared Notice of Filing and Hearing, one time, in newspapers of general circulation in the area affected by PUI’s Application. The Notice of Filing and Hearing described the nature of the Application, included a comparison of current and proposed rates for both residential and commercial customers, and advised all interested persons desiring to participate in the proceedings and hearing, scheduled for January 17, 2018, of the manner and time in which

to file appropriate pleadings for inclusion in the proceedings as a party of record. In the same letter, the Commission also instructed PUI to notify directly, by U.S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing and Hearing. On October 19, 2017, the Company filed an Affidavit of Publication demonstrating that the Notice of Filing and Hearing had been duly published and provided a letter certifying that it had complied with the instructions of the Commission's Docket Department.

As reflected in the Notice of Filing and Hearing, the Company proposed new monthly sewer service rates of \$68.05 for residential customers and \$68.05 per single family equivalent ("SFE") as a minimum for commercial customers. By its Application, the rate sought by the Company would permit it the opportunity to earn an additional \$11,392,065 in annual revenues.

Sensor Enterprises, Inc., d/b/a McDonald's and J-Ray, Inc., both of which operate McDonald's restaurants in the Company's service area, filed petitions to intervene in this matter. No other petition to intervene was filed in this case in response to the Notice of Filing and Hearing. Pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2015), the South Carolina Office of Regulatory Staff ("ORS") is a party of record in this proceeding.

II. TESTIMONY RECEIVED FROM THE PARTIES AND PUBLIC WITNESSES

The Company filed Direct testimony from Donald J. Clayton, Mark S. Daday, Andrena Powell-Baker, Marion F. Sadler, and Bryan D. Stone in support of its Application with the Commission on November 30, 2017. ORS filed the Direct testimony and Exhibits of its witnesses Aisha L. Butler, Willie, J. Morgan, and Michael Seaman-Huynh with the Commission on December 14, 2017. Company Rebuttal testimony from witness Mark S. Daday was filed

with the Commission on January 5, 2018. Surrebuttal testimony and Exhibits by ORS witnesses Aisha Butler, Willie J. Morgan and Dr. Douglas Carlisle as filed with the Commission on January 12, 2018. The Intervenor did not file any testimony with the Commission.

On November 8, 2017, the Commission issued a Transmittal letter instructing the Company to notify its customers that a public night hearing was to be held in the Commission's Hearing room on January 9, 2018 beginning at 6:00 PM. The sign-in sheet for the public night hearing was offered into the record as Exhibit #1 in this case. At the public night hearing, twenty customers of PUI provided testimony. Most of the public witnesses voiced general objections to the amount of the requested increase in rates. Several of the public witnesses objected to the increase in rates based on claims that the plant additions incurred by PUI were the result of the acquisition of the Palmetto Richland County ("PRC") territory and new developments in the company's service territory and their belief that these new customers should bear the cost of costs of the system's expansion. See, Testimony of Public Witnesses: *Smith*, Tr. Pgs. 24-26; *P. Jolin*, Tr. Pg. 27; *Barnes*, Tr. Pgs. 39-42; *Martin*, Tr. Pg. 68; *Randolph*, Tr. Pgs. 83-85. Several public witnesses also objection to their monthly bills being based on a flat rate and requested that the Commission require the company to base its rates and billing on water usage. *Justice*, Tr. Pgs. 32-34; *Reynolds*, Tr. Pgs. 35-38; *Abraham*, Tr. Pgs. 54-55; *Parish*, Tr. Pgs. 70-73.

Finally, three public witnesses provided testimony regarding billing issues with PUI. Witness Gloria King, whose bill from PUI was based on water usage reported by the City of Columbia, testified that she was overcharged for sewer services by PUI due to a water leak at her property and that the company had been unwilling to assist her in correcting her bill. *King*, Tr. Pgs. 59-64. Witness Stacy Parish testified that PUI did not send her an initial bill until she had lived in her home for approximately one year, and that the Company had then demanded

immediate payment of a \$250 bill within 30 days. *Parish*, Tr. Pgs. 70-74. Witness Parish Brown testified that the initial sewer bill that he received from PUI was more than \$100 due to the company's failure to bill him for several months, and that he was also told that the bill had to be paid within 30 days. *Brown*, Tr. Pg. 86-92.

Prior to the commencement of the public hearing on the merits of PUI's Application, ORS and PUI entered into a Stipulation which was filed with the Commission on January 5, 2018. The Stipulation provided that the parties agreed that all issues concerning the valuation of plant in the former PRC service area were to be addressed in a future rate proceeding.

The public merits hearing was held at the Commission's Hearing room on January 17, 2018 at 10:30 AM to receive testimony from the Parties and any public witnesses. The Honorable Swain Whitfield, Chairman of the Commission, presided. PUI was represented by John M.S. Hoefer, Esquire and Benjamin Mustian, Esquire. The South Carolina Office of Regulatory Staff was represented by Jeffrey M. Nelson, Esquire and Jenny Pittman, Esquire. The Intervenors did not make an appearance at the hearing.

Eight additional public witnesses testified on January 17th in opposition to the application. Ms. Marlene Jolin testified that builders and subcontractors should bear the cost of expansions and additional to the system, as opposed to current ratepayers, and that it would be fairer to charge based on water usage, as opposed to flat rates. *M. Jolin*, Tr. Pgs. 107-109. Mr. Vince Scotti and Mr. Samuel Brick also objected to the use of a flat rate for sewer service. *Scotti*, Tr. Pg. 110-115, *Brick*, Tr. Pg. 115-141. Witnesses Claude Looper and Theodore Green voiced general objections to the amount of the increase requested by PUI. *Looper*, Tr. Pgs. 141-145, *Green*, Tr. Pgs. 145-147. Mr. Henry Dick similarly objected to the amount of the requested

increase and questioned whether the Commission could create an exception of special rate for senior citizens. *Dick*, Tr. Pgs. 147-150. Mr. Ron Justice testified that the rate increase would cause customers to also pay higher property taxes as the increase in sewer rates billed to School District property in PUI's service territory would be passed along to him as taxpayers as well as a ratepayer. *Justice*, Tr. Pgs. 151-154. Ms. Rhonda Reynolds testified that tap fees should be higher to make new customers and developers pay the cost of additions to the system. *Reynolds*, Tr. Pgs. 154-160.

PUI witnesses Powell-Baker, Stone and Daday were sworn in and had their pre-filed Direct testimonies, as well as the rebuttal testimony of witness Daday, accepted into the record, presented summaries of their testimonies, and were made available for cross-examination by ORS and examination by the Commission. The Direct testimonies of PUI witnesses Clayton and Sadler were stipulated into the record. Verifications of the stipulated testimony were filed with the Commission. Exhibits which were filed with and attached to the pre-filed Direct and Rebuttal testimonies of PUI's witnesses were offered into evidence and made a part of the record as Hearing Exhibits 4 through 7.

Mr. Stone, the Chief Operating Officer of Ni Pacolet Milliken Utilities, LLC ("Ni"), and its subsidiaries, including PUI, testified that the Company now served approximately 27,000 customers and had added approximately \$80 Million in capital improvements since its last rate relief proceeding. These improvements included approximately \$65 Million in three major projects: 1) a twenty-two mile "Norther Pipeline" to interconnect the former PRC Territory to PUI and relieve bottlenecks on the system, 2) an expansion of the Spears Creek WWTP from 6 MGD to a capacity of 12 MGD, and 3) the construction of the "Wateree Pipeline" to allow for the discharge of effluent from the Spears Creek WWTP into the Wateree River. Tr. Pgs. 194-

195. Mr. Stone testified that the Wateree pipeline was needed due to the increase in effluent as the Rapid Infiltration Basins (“RIBs”) previously used for discharging effluent were incapable of handling the increase in effluent resulting from growth in the PUI system, including the addition of the PRC system. Tr. Pgs. 203-204. With the completion of the Wateree Pipeline, PUI was closing the RIBs. Tr. Pg. 204. Mr. Stone additionally testified that the remaining \$15 Million in new plant funded a number of smaller projects including: 1) 17 additional debottlenecking projects to relieve pipelines and pump stations that had become overloaded over time due to growth, including the \$4 million Kelly Mill Road pump station upgrade; 2) routine replacements of older equipment at or near end-of-life; and 3) projects to identify and eliminate inflow and infiltration (“I&I”) of surface water and groundwater into the PUI collection system. Tr. Pgs. 205-206.

Mr. Daday is the Chief Financial officer of Ni and its subsidiaries, including PUI. Tr. Pg. 217. He testified regarding the financial structure of Ni America Operating, LLC (“Ni America Operating”, a sister company of Ni) and its allocation of overhead, financial issues related to PUI and its rate application, and provided general information in support of the application. Mr. Daday testified that PUI’s purchase of PRC from the City of Columbia (“City”), which was approved by the Commission in July 2017, added approximately 11,000 customers to the PUI service area. Tr. Pg. 219 & 230. Mr. Daday further informed the Commission that Ni America Operating was essentially the service company housing the employees which service the utilities owed by Ni and that while third party contract operators physically operate the PUI systems, that PUI has both the technical and financial expertise in house that manages the third-party operators. Tr. Pg. 219. Mr. Daday stated that the last rate increase for Palmetto was granted by the Commission in 2013 to provide for a flat rate of \$36 per month; and adjusted by an Order on

remand from an appeal in 2015 to \$36.50 per month. Rates for the PRC service territory are still based on rates which the City was charging when the system was purchased by PUI in 2013. Tr. Pg. 225.

In his testimony Mr. Daday also supported the Company's request for flat rates for all its customers, including those in the PRC territory which have been paying a volumetric rate based on water usage. Mr. Daday stated that by going to a flat rate the company would eliminate the \$0.50 per customer charge which the City charged for water meter readings and eliminate errors in meter readings and resulting billing issues. Mr. Daday also testified in support of PUI's request to reduce the non-recurring connection and plant impact fee, stating that doing so would continue to spur growth in its service territory and that the plant impact fees are only intended to recover a portion of the cost of capacity and not to reimburse the utility for the full cost of adding a new customer. Tr. Pg. 226-227.

Finally, Mr. Daday testified on Direct that since its last rate case that PUI's Operation and Maintenance expenses had increased by \$703,089, or roughly 2% per year, and that its property taxes would increase by an estimated \$2.6 million per year due to the increase in the company's net book value resulting from the \$80 million in new plant investment. In his Direct testimony, Mr. Daday also proposed a three-year phase-in of the requested \$29.55 rate increase to alleviate the impact of such a large increase to ratepayers. Tr. Pgs. 229-230.

As the only company witness to file Rebuttal testimony on behalf of the Company, Mr. Daday took issue with several of the adjustments proposed by ORS in its Direct testimony. Specifically, Mr. Daday stated that the company objected to ORS' proposed adjustment for sludge disposal; arguing that the Commission should accept the estimated increased cost of

sludge disposal which PUI had calculated would be incurred in the future due to the addition of PRC flow to the new plant. Tr. Pg. 248-249. He also disagreed with ORS' proposed disallowance of an extraordinary retirement allowance for the Crabapple Lane project and adjoining land purchase at the Company's RIBs. Tr. Pg. 253. He asserted that PUI believes the retirement allowance should be allowed as the RIBs have been taken off-line due to the construction of the Wateree Pipeline. Mr. Daday also disputed ORS' use of interest synchronization; claiming that interest synchronization was inappropriate in an operating margin case and that the utility should be permitted to include in its allowable expenses its entire actual interest expense of \$2,145,274. Tr. Pgs. 253-254. Finally, Mr. Daday contended that the ORS recommended Operating Margin of 10% to 15% was of no real analytical value and that based on PUI's significant investments, regulatory compliance record and excellent customer service that the Commission should set an Operating Margin no less than the high end of ORS' recommended range, which is 15%. Tr. Pg. 254-255.

Company witness Powell-Baker, the Senior Manager of Community Relations and Development for PUI, testified regarding PUI's customer and community relations. Ms. Powell-Baker testified that PUI conducted four "town hall" meetings with its customers prior to the filing of the current application to discuss the capital projects and other costs incurred by the company which had led to the requested increase in rates as well as the benefits to customers of the facility improvements. Tr. Pgs. 179-180. She also provided testimony to the Commission regarding PUI's customer service initiatives and metrics used to evaluate the Company's customers service performance. Tr. Pgs. 181-183.

Witness Sadler, whose Direct testimony was stipulated into the record, (Tr. Pgs. 340-352) is the sole proprietor of Sadler Environmental Assistance and provides consulting work for PUI.

In his Direct testimony, Mr. Sadler stated that he had conducted a field survey on Palmettos behalf of the commercial and multi-family customers being served in the PRC area of Palmetto's system. The result of Mr. Sadler's survey was used by PUI to support the transition of the PRC area from a volumetric based rate to a flat rate based on a commercial customer equivalency rating system consistent with the Department of Health and Environmental Control's ("DHEC") Contributory Loading Guidelines. Mr. Sadler additionally provided PUI with information to identify commercial users of the system which had no accounts and eliminate the billing of customers which were being billed but were on septic systems.

Company witness Clayton, whose testimony was stipulated into the record, (Tr. Pgs. 328-338) is employed as the Principal in charge of management consulting at Tangibl Group, Inc., a professional services firm serving water, wastewater and energy utilities. Mr. Clayton prepared, and provided testimony in support of, Exhibit B to the PUI Application. This Exhibit, consisting of Schedules A through F, set forth the company's combined balance sheet, combined income statement, billed revenue, plant in service, number of customers, and rate case expenses. He additionally provided testimony in support of the requested additional rates and revenues and resulting operating margin per the Application. Mr. Clayton concluded his testimony by stating that the requested increase in rates was designed to allow the company to adequately fund its operations, attract capital and earn a reasonable return on its investment

ORS presented three witnesses at the hearing, Aisha Butler, Michael Seaman-Huynh, and Dawn Hipp as a panel. Mr. Morgan was unable to attend the hearing due to illness and his pre-filed Direct and Surrebuttal testimonies were adopted by his supervisor, Ms. Dawn Hipp, Director of the ORS Rates Department. The Surrebuttal testimony of Dr. Douglas Carlisle was stipulated into the record. All three witnesses pre-filed Direct Testimony and both Ms. Butler and

Mr. Morgan had additionally pre-filed Surrebuttal testimony on behalf of ORS. All pre-filed testimonies were read into the record and the Exhibits which were filed with and attached to the pre-filed Direct and Surrebuttal testimonies were offered into evidence and made a part of the record as Hearing Exhibits 8 through 13.

ORS Senior Auditor Aisha Butler testified to the procedures used by the ORS Audit Department in performing its examination of the Application and supporting documentation provided by the Company to ORS. Tr. Pg.399. Ms. Butler further set forth ORS' findings and recommendations resulting from this examination. Tr. Pgs. 400-415. Included with her pre-filed Direct Testimony, Ms. Butler provided a series of exhibits, attached to her pre-filed Direct testimony as "Audit Exhibit ALB-1" through "Audit Exhibit ALB-4", detailing ORS' computations and proposed adjustments to the Application. Hearing Exhibit 12. Ms. Butler also provided the Commission with pre-filed Surrebuttal testimony, making certain adjustments based on additional documentation provided by PUI subsequent to the filing of her Direct testimony, and making an adjustment in taxes and Accumulated Deferred Income Tax ("ADIT") based on new federal tax laws and corporate income tax rates which became effective January 1, 2018. Tr. Pgs. 418-430. Exhibits supporting the initial ORS recommendations as adjusted were filed along with Ms. Butler's pre-filed Surrebuttal testimony as "Audit Surrebuttal Exhibit ALB-1" through "Audit Surrebuttal Exhibit ALB-5". These exhibits were entered into the record as composite Hearing Exhibit 13.

Based on documentation received after ORS Direct testimony had been filed, in her Surrebuttal Ms. Butler acknowledged that ORS had updated the Company's allowable purchased power, management fee, and rate case expenses and allowed for a change in the allocation of the salary of PUI's Tap Fee Coordinator. *Butler*, Tr. Pgs. 420-421. She further acknowledged a

change in ORS' Property Tax calculation as requested by the Company. *Butler*, Tr. Pgs. 424-425. Several of the most significant issues which remained in dispute between the Company and ORS at the time of the hearing were also highlighted in Ms. Butler's Surrebuttal testimony. Specifically, Ms. Butler detailed her adjustments based on the new federal corporate income tax rates which became effective January 1, 2018 under the Tax Cuts and Jobs Act. Ms. Butler adjusted the test year ending balance in the Company's ADIT account by \$1,034,383 to reflect the new 21% federal corporate tax rate, which is reflected in the computation of rate base used in ORS' calculation of synchronized interest expense. She additionally reduced PUI's income tax expenses resulting in an ORS adjustment of \$647,767. *Butler*, Tr. Pgs. 426-427.

Finally, Ms. Butler described at length ORS' position regarding the propriety of the use of interest synchronization in the present case. *Butler*, Tr. Pgs. 428-429. Ms. Butler points out that this Commission historically did not allow water and sewer utilities, whose rates were based on an operating margin, to recover interest expenses from their ratepayers prior to the Commissions acceptance of the use of interest synchronization. *Butler*, Tr. Pg.428. Further, that since 1990 this Commission has held that interest synchronization is proper for a utility seeking operating margin treatment to recover the cost of debt incurred due to investment in its rate base, that it has done so in several recent cases, and that it also approved the application of interest synchronization in Commission Order No. 2013-42-S issued in PUI's last rate case. *Butler*, Tr. Pgs.428-429. Ms. Butler additionally provided specifics regarding ORS' calculations and corresponding adjustment to the Company's interest expense. ORS used a calculated Company total rate base of \$81,703,849, with a 45% debt and 55% equity capital structure, and a 4.48% weighted average cost of debt which produced an adjustment of (\$365,764) to the Company's per book interest expense. *Butler*, Tr. Pgs. 429-430 and Hearing Exhibit 13.

In further support of ORS' position regarding interest synchronization, Dr. Douglas Carlisle provided Surrebuttal Testimony, which was verified and stipulated into the record. In his testimony, Dr. Carlisle explained the information and calculations which he used in establishing the Company's Capital Structure and Weighted Average Cost of Debt ("WACD"). This information was utilized by Ms. Butler and the ORS Audit Department in their calculation of interest synchronization. *Butler*, Tr. Pg. 430. In short, Dr. Carlisle established a Debt Ratio for the Company of 45% and for the WACD used the debt rate of 4.48% which had been provided to ORS by the Company. *Carlisle*, Tr. Pg. 446-447.

ORS witness Willie Morgan's Direct testimony addressed ORS' adjustment to the value of the company's utility plant assets acquired from the City of Columbia (which was resolved by Stipulation of ORS and PUI), stated that the company needed to provide additional documentation that several new projects were now in operation, and offered a recommended Operating Margin for the company of 10% to 15%. In his Surrebuttal, Mr. Morgan testified that the Company was now in compliance with the documentation requirements on the new projects in accordance with S.C. Code Ann. Regs. 103-553. *Morgan*, Tr. Pg. 372. He further provided support for ORS' positions regarding the disallowance of increased annualized sludge disposal costs, and extraordinary retirement of associated with the Company's closure of the RIBs and Crabapple Lane project. *Morgan*, Tr. Pgs.372 and 374-375.

As to PUI's position that it was entitled to an extraordinary retirement allowance of \$417,182 (\$217,119 in plant and \$200,063 for the adjoining land acquisition) for its Crabapple Lane/RIBs project, Mr. Morgan testified in Surrebuttal that ORS had not included an allowance for these items as PUI had not requested any extraordinary retirement related to plant assets in its Application. *Morgan*, Tr. Pgs. 374-375. As to the Crabapple Lane Project, Mr. Morgan testified

that the project had been performed by PUI following formal complaints made to DHEC by Kershaw County. In response to these complaints DHEC had issued a Notice of Alleged Violation followed by a Notice of Compliance Conference, leading PUI to enter into a Consent Agreement with DHEC to resolve complaints by Kershaw County regarding seepage from the RIBs. ORS asserted the position that as the expenses incurred by the Company for the Crabapple Lane project and land acquisition were under the terms of a DHEC Consent Order, as the result of a compliance issue, that they were therefore not entitled to recovery or extraordinary retirement by the Company. *Morgan*, Tr. Pg. 374. Mr. Morgan further asserted that the value of land acquired by the company could be sold and was therefore not entitled to extraordinary retirement. *Morgan*, Tr. Pg. 375.

Regarding ORS' adjustment to the company's proposed sludge disposal expenses, Mr. Morgan testified in Surrebuttal that ORS utilized the actual sludge generation and disposal expense incurred by the Company of \$250,393 for the most recent 12-month period. ORS thereby refused to accept the Company's proposed adjustment of an additional \$133,274 in sludge disposal costs, which Company witness Daday described as a conservative estimate. *Daday*, Tr. Pg. 249. ORS acknowledged that the Company's new Spears Creek Regional Wastewater Treatment Plant ("Spears Creek WWTP") had only begun operation in October 2017 and that the Company had only been able to provide one invoice from sludge disposal at the new facility. *Morgan*, Tr. Pgs. 372-373. However, ORS was unwilling to accept the Company's estimated costs as such were not "known and measurable." ORS therefore supported its adjustment for sludge disposal based on the last actual twelve months of invoices.

In his Surrebuttal Mr. Morgan also supported ORS' calculation of the wastewater treatment costs paid by PUI to the City of Columbia. Mr. Morgan stated that ORS based its

calculation on Commission Order No. 2012-960 which established the number of PRC customers being transferred from the City of Columbia at 11,370. ORS then calculated the amount to be deferred for the increases in the City of Columbia wastewater treatment charges in accordance with this number of customers. *Morgan*, Tr, Pgs.373-374. This differs from Company witness Daday's Rebuttal testimony wherein he indicated that the City had billed \$77,271.50 per month based on "approximately 10,303 customers." *Daday*, Tr. Pg.252. As ORS could not verify a customer count of 10,303, ORS relied upon the known and measurable customer count of 11,370 to calculate the amount of the deferral allowed for wastewater treatment expenses paid to the City. *Morgan*, Tr. Pg. 373-374.

In his Direct testimony ORS Witness Michael Seaman-Huynh provided testimony concerning ORS' compliance review and an overview of the Company's operations. Mr. Seaman-Huynh testified that PUI is a NARUC Class A wastewater utility providing sewer service in portions of Kershaw and Richland counties. According to information contained in the Company's Application, wastewater collection and treatment services were provided to 26,207 residential, commercial, and industrial customers during the test year. *Seaman-Huynh*, Tr. Pg.382. Mr. Seaman-Huynh testified that as part of ORS's Business Office Compliance Review, ORS found that PUI was in compliance with Commission rules and regulations. He stated that ORS's system facilities inspection revealed that PUI was in apparent compliance with DHEC and federal environmental requirements applicable to the operation of its wastewater collection and treatment system. *Seaman-Huynh*, Tr. Pg.382-383.

Mr. Seaman-Huynh also testified regarding ORS' calculation of test year revenues. He testified that ORS adjusted the Company's per books operating revenue in the amount of \$184,101 to reflect a billing analysis using information provided to ORS by the Company. With

these adjustments, ORS calculated PUI's test year service revenue as adjusted to be \$16,440,513. *Seaman-Huynh*, Tr. Pg.384. Mr. Seaman-Huynh provided further testimony that ORS had calculated PUI's proposed revenue increase to be \$10,707,467. Mr. Seaman-Huynh also addressed a variety of other issues and adjustments in direct, including ORS' adjustments to Pacolet Milliken's allocated corporate overhead, ORS' customer growth calculation, and supported the Company's proposal to move all customers to a flat monthly rate for sewer service and provided support to the Company's initial proposal for a three-year phase in of rates. *Seaman-Huynh*, Tr. Pgs. 385-388.

III. EVIDENCE AND EVIDENTIARY CONCLUSIONS

EVIDENCE FOR FINDINGS OF FACT AND CONCLUSIONS OF LAW 1-3

The Company is a public utility subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. §§ 58-3-140(A) and 58-5-210 (2015). The Commission requires the use of an historic twelve-month test period under S.C. Code Ann. Regs. 103-823.A(3) (2012). These findings of fact and conclusions of law are informational, procedural and jurisdictional in nature and are not contested by any party of record in this proceeding.

EVIDENCE FOR FINDINGS OF FACT AND CONCLUSIONS OF LAW 4 - 14

The Commission last approved an increase in PUI's rates in Order No. 2015-153 issued March 3, 2015, in Docket No. 2013-42-S, which allowed an operating margin for the Company of 17.98% and utilized a test year for the twelve months ending September 30, 2012. On August 31, 2017, PUI filed its application seeking an increase in annual revenues of \$11,392,065. The

Company and ORS submitted evidence in this case with respect to revenues and expenses using a test year for the twelve months ending March 31, 2017.

a) Basis for Rate Relief

As stated in the Company's Application, PUI claims to have experienced an over \$9.8 million increase in its annual expenses associated with the operation and maintenance of the Company's systems and incurred \$83 Million in capital investment since its last rate relief proceeding. Although the Company's allowable expenses were significantly adjusted by ORS in its recommendations, as reflected in the testimony and exhibits of ORS witness Butler, PUI's expenses have increased by an amount sufficient to justify an increase in rates as the Company is experiencing an operating margin significantly lower than that previously approved for it by this Commission.

b) Approved Rates and Resulting Operating Margin

Company witnesses Daday, Stone and Clayton each provided testimony in support of the Company assertion that the charges requested by the Company, as revised by the Rebuttal testimony of witness Daday and the Stipulation Agreement entered by ORS and the Company, were just and reasonable. In her Surrebuttal testimony, ORS witness Butler set forth the final calculations and recommendations of ORS, as supported by the Testimony of ORS witnesses Morgan and Seaman-Huynh and Surrebuttal testimony of ORS witness Carlisle.

Based on the evidence and testimony made a part of the record in this case, the Commission finds that a flat monthly rate of \$49.81 is just and reasonable. We arrive at this rate by accepting the adjustments proposed by ORS, the more contentious of which are discussed in more detail below, and having determined that the Company should be entitled to collect from its

customers an additional \$3,626,322 in annual revenues. A rate of \$49.81 per SFE will provide the Company with overall annual revenues of \$20,066,835. The approved rate, and corresponding increase in revenue for the Company, is just and reasonable and balances the interests of the using and consuming public, many of whom testified regarding the hardship of paying the rates requested in the Company's Application, with the needs of the utility to earn revenues sufficient to maintain quality service to its customers. We further find that the increase in revenues produced by a rate of \$49.81 per month produces revenues sufficient to maintain the financial soundness of the Company and are adequate, under efficient and economical management, to maintain and support the utility's credit and enable it to raise capital for its continued operation and service to the public. *See, Kiawah Prop. Owners Group v. Pub. Serv. Comm'n of South Carolina*, 359 S.C. 105, 597 S.E.2d 145, 147 citing *Bluefield Waterworks and Improvement Co. v. Pub. Serv. Comm'n of West Virginia*, 262 U.S. 679, 693, 43 S.Ct. 675, 679 (1923).

As noted above, no witness for the intervenors or public challenged the Company's entitlement to rate relief, the ORS recommended adjustments, or proposed a specific rate to be used in the recommended alternative rate design based upon water consumption.

The above approved rates and revenue generate an operating margin for the Company of 15%. ORS Witness Morgan stated in his testimony that ORS recommended a 10% to 15% Operating Margin for the Company. Upon cross-examination by the Company, Mr. Morgan additionally stated that based on the company's performance and investment that ORS recommended the higher end of its range, or 15%, for the Company. In his Rebuttal testimony, Company Witness Daday challenged ORS' 10-15% recommendation, stating that the operating margin set by the Commission should essentially just be a fall-out number resulting from various

accounting adjustments that should be used to determining total income for return and total operating revenue for the Company.

The Commission finds that the evidence supporting a rate of \$49.81 is just and reasonable and, with ORS' adjustments, results in an Operating Margin of 15%. Although this is at the high end of the range initially recommended by ORS in the Direct testimony of ORS Witness Morgan, on cross-examination by Counsel for PUI, ORS Witness Hipp supported a Commission finding of 15% based on the Company's performance record, customer service and continued investment in their sewer systems. *Hipp*, Tr. Pgs. 431-432. Further, while Company witness Daday generally proposed that PUI should be entitled to a higher Operating Margin, his Rebuttal testimony on the subject concludes with "the operating margin should certainly be no less than the high end of ORS's range..." and made no specific recommendation or support for a different Operating Margin allowance. *Daday*, Tr. Pgs. 239-240 and 254-255.

c) Additions to and changes in the terms and conditions of service

The Company proposed two significant changes in the PUI rate schedule: 1) a modification for commercial and residential customers in the PRC portion of the Company's service territory to provide for a flat monthly fee as opposed to rates based on both a flat base fee and a usage fee based on metered water consumption, and 2) a modification in the connection and plant impact fee for new residential and commercial customers in the PRC service territory; lowering the current connection fee to a \$250 connection charge plus a \$800 plant impact fee per SFE.

Several of the public witnesses provided comments touching on these two proposed changes. Specifically, low usage customers complained that rates should be based on water

usage as opposed to a flat rate. Additionally, several customers stated their opinion that connection fees should be higher so that developers and new customers on the PUI system share a greater burden of the increased costs to the Company associated with their recent plant expansion and new lines. No public witness however, provided any evidence regarding the equity to all ratepayers of billing based on usage or the costs or methods that could be used for the Company to initiate or continue to obtain water usage information from customers water providers.

Company witnesses testified that the current annual cost of obtaining water meter information from the City of Columbia in just the former PRC territory was \$69,000 and that these costs could be increased by the City. *Daday*, Tr. Pg. 212 and 226; *Stone*, Tr. Pg. 198. Witness *Daday* further testified that there was no guarantee the City could or would continue to provide meter information to PUI, and that there were several other water providers in the PUI territory and he was unsure if, or at what cost, water meter information could be obtained from these utilities. ORS voiced no objection to the Company's proposed revisions.

Although the Commission sympathizes with the concerns of the public regarding sewer bills being somehow tied to usage, there is currently no accepted method of measuring the flow of wastewater. Testimony from both the Company and public witnesses established that within the PUI system the City of Columbia is not the sole water provider. The variety of providers, including some customers which are believed to be on private wells, makes a sewer rate based on water usage unmanageable. It would additionally add to the cost of service by PUI and could cause a variety of billing issues. *Daday*, Tr. Pg.212. While flat sewer rates may be disadvantageous to single member households, water usage rates have the effect of forcing customers to pay higher sewer bills for water used for irrigation or other uses which never enter

the sewer system. There is by necessity some cross-subsidization present in all rates. We find that the problems and costs associated with any rate schedule based on water usage which could be ordered for PUI outweigh the inherent inequities in a flat rate. We additionally find that the continued financial health and growth of the PUI system is benefitted by the proposed connection and user fees.

The Commission therefore finds that the Company's proposals regarding a flat rate and adjustments to the connection and user fees in the former PRC territory are warranted and approved.

d) Interest Synchronization

PUI challenged ORS' proposed adjustment to the Company's allowable interest expenses by the use of interest synchronization. Specifically, PUI witness Daday testified in Rebuttal that interest synchronization was inappropriate in cases where rates are to be set by operating margin; as opposed to rate of return. In Surrebuttal, ORS witnesses Carlisle and Butler both addressed ORS' opinion regarding the propriety of the use of interest synchronization and supported ORS' adjustment. Specifically, ORS witness Carlisle testified regarding his calculation of the Company's Capital Structure and WACD, which were used by ORS Audit Department Witness Butler in her calculation of interest synchronization. During the course of its audit and inspection of the Company's books and records, ORS requested, and the Company provided in September 2017, information regarding PUI's Capital Structure and WACD. *Carlisle*, Tr. Pg.447 and Exhibit Surrebuttal DHC-2 of Hearing Exh.8. Based on this information, Dr. Carlisle calculated PUI to have a debt to equity ratio of 45% Debt to 55% Equity. *Carlisle*, Tr. Pg.447. To determine the WACD Dr. Carlisle used the debt rate of 4.84% provided by PUI. We

find the methodology and resulting debt ratio and debt rate testified to by Dr. Carlisle to be fair and reasonable and based on known and measurable data.

In her Direct Testimony, ORS Witness Butler testified to her adjustment to PUI's interest expense based on her use of interest synchronization. *Butler*, Tr. Pg.413. In Surrebttal, in response to the ORS interest adjustment addressed in the Rebuttal Testimony of PUI Witness Daday, Ms. Butler provided more detail regarding this adjustment and discussed the purpose and reasoning behind its use. Ms. Butler testified that her proposed adjustment of (\$365,764) to the Company's interest expense was based on her use of a total rate base for PUI of \$81,703,849, and the 45% debt to 55% equity capital structure and 4.84% WACD provided to her by ORS Witness Carlisle to calculate PUI's synchronized interest expense. *Butler*, Tr. Pgs. 428-429. Ms. Butler then subtracted the Company's per book interest expenses from her calculated synchronized interest to yield her adjustment of (\$365,764). *Butler*, Tr. Pg. 428. The Commission finds no error in either the values or methodology used by Ms. Butler in her calculation of synchronized interest and find that the adjustment to PUI's interest expenses proposed by ORS is correct and proper. Interest synchronization equitably allocates interest expenses between PUI and its ratepayers by allowing the Company to recoup the cost of long term debt incurred in making investments in its rate base while disallowing the cost of debt incurred for purposes which do not benefit the ratepayers. The cost of debt incurred for other uses, such as financing the payment of a premium for the acquisition of another system, should be borne by the utility's owners or shareholders, and not its ratepayers.

This Commission has consistently approved the use of interest synchronization, both in rate of return and operating margin rate cases. See, Commission Orders No. 92-84, 2004-101, 2005-168. This Commission has additionally accepted synchronized interest as a component of a

utilities allowable expenses in several recently decided cases. Commission Orders 2017-277(A) and 2017-80. Further, the Company itself accepted ORS' use of interest synchronization in a Settlement filed in its last rate case before the Commission. See, Commission Docket 2013-42-S. While Company Witness Daday points to a 2001 Circuit Court case as support for PUI's position that interest synchronization is improperly applied here (*Daday*, Tr. Pg. 254), in that case the Commission staff had failed to establish a rate base for the Company. That is not the case here where ORS has provided substantial evidence in support of both a rate base and debt to equity ratio.

As noted by Ms. Butler in her Surrebuttal testimony, this Commission generally disallowed utilities long term interest as an expense prior to its adoption of interest synchronization. *Butler*, Tr. Pgs. 428-429. See, Commission Order No. 2004-101, pg.16. Interest synchronization has been accepted as a proper methodology to allow utilities to recover from its ratepayers that portion of its long-term debt expenses which has been incurred to finance plant. We concur with ORS' adjustment based on the ratemaking theory that a utility should be permitted to recover its borrowing costs, but only those which have been incurred to construct facilities which serve its customers.

e) Application of Federal Tax Rate under the Federal Jobs and Tax Relief Act

While not included in its Direct Testimony, in its Surrebuttal filed in January, ORS adjusted both the Company's allowable tax expenses and to the company's ADIT. *Butler*, Tr. Pgs. 426-427. The Federal Tax Cut and Jobs Act was enacted in late 2017 and became effective January 1, 2018. Included in that new federal law was a reduction in the federal corporate tax rate from 35% to 21%. ORS took the position in Surrebuttal that, as this change was both known

and measurable, and an additional adjustment to the Company's expenses, subsequent to ORS' initial recommendations presented in its Direct testimonies, was required. *Butler*, Tr. Pg. 426. As this position was first presented in ORS' Surrebuttal testimony, PUI Witness Daday addressed this adjustment and the Company's position from the witness stand. Mr. Daday argued that while the reduction in the federal corporate rate had in fact been reduced, that there were other provisions of the federal law which he expected would have an effect on PUI's expenses, and that the company had not had a sufficient amount of time since the new law was enacted to formulate an opinion as the overall effect of the new law. *Daday*, Tr. Pgs. 241; 258-259. He therefore proposed that the 2017 federal tax rates be allowed, and that the Commission would have the opportunity to review the cumulative effect of the new federal tax law in Docket No. 2017-381-A, which had been filed by ORS in December 2017 and was currently pending before the Commission. *Daday*, Tr. Pg. 241.

The impact of the new 21% federal corporate tax rate under the Federal Tax Cut and Jobs Act was calculated by ORS to produce a new composite tax rate of 24.95%. *Butler*, Tr. Pg. 427; Hearing Exhibit. 13. This reduction in income tax produces a known and measurable reduction in PUI's overall annual tax liability. However, it also produces a correlating change in the Company's accumulated deferred income tax account, and we concur with ORS' calculated adjustment of \$1,034,383 to the Company's ADIT per book amount and an overall adjustment of \$647,767 to the Company's ADIT.

f) Allowance for the Extraordinary Retirement of the Rapid Infiltration Basins

In its application the Company had included in its expenses an allowance for the extraordinary retirement of the RIBs and certain property associated with it and identified as the

Crabapple Lane project. ORS denied the extraordinary retirement of the RIBs and made a corresponding adjustment in its Testimony and exhibits presented to the Commission.

Both Company Witness Daday and ORS Witness Morgan testified that PUI had removed the RIBs from service. *Morgan*, Tr. Pg. 374; *Stone*, Tr. Pg. 204. Both parties agreed to the ORS elimination of \$136,106 in expenses associated with the operation of the RIBs. PUI, however, has asserted that it is entitled to an extraordinary retirement allowance of \$410,347 for the RIBs (to be amortized over 5 years) based on \$417,182, less \$6,835 of accumulated depreciation, for the Crabapple Lane project; which involved the purchase of certain real property and the installation of a drainage system to eliminate seepage from the RIBs. *Daday*, Tr. Pg. 253.

ORS Witness Morgan testified that ORS denied the requested extraordinary depreciation on several grounds. First, Mr. Morgan claimed that PUI had not requested Commission approval of an extraordinary retirement to any plant assets in its Application. *Morgan*, Tr. Pg.374. A review of the Company's Application confirms this assertion. Next, Mr. Morgan asserted that ORS additionally denied the Company's request for a consideration of extraordinary retirement on the basis that the Crabapple Lane project was performed by the Company under a Consent Order which PUI entered with DHEC to resolve complaints by Kershaw County about seepage from the Company's RIBs. *Morgan*, Tr, Pgs. 374. ORS therefore took the position that the costs incurred by the Company for the land acquisition and Crabapple Lane project were a direct result of PUI's effort to resolve complaints and comply with a Consent Order concerning environmental concerns with the operation of the RIBS. *Morgan*, Tr. Pg. 374-375. Under these conditions ORS claims that the utility is not entitled to pass such costs on to ratepayers and therefore denied the request for extraordinary retirement. Finally, Mr. Morgan asserted that in

no event should a land acquisition cost be allowed extraordinary retirement as such can be resold. *Morgan*, Tr. Pg.375.

g) Rate Design

Although addressed above under the heading “Additions to and changes in the terms and conditions of service”, we choose to further address in more detail several concerns and issues raised by the public witnesses under the topic of rate design.

The proper rate design for PUI was an issue which was raised by several public witnesses, all of whom argued for the use of rates based on water consumption or usage as opposed to the flat rate proposed by the Company. We find that an alternative rate design based on water usage is not feasible. As noted above in subsection (c), PUI does not have access to water billing records for the City of Columbia or Town of Winnsboro to implement the alternative rate design proposed by the public witnesses. Also, to implement this alternative rate design, the Company would be required to incur undetermined additional costs which would necessarily be passed on to the customer. The public witnesses offered no information with respect to the amount of these costs and, as noted above, no suggestion regarding the rates which would result.

Although Ms. Reynolds and Ms. Baskins stated their objections to the continuation of the current flat monthly sewer charge rate design on the grounds that they discharge significantly less wastewater than do customers whose premises are occupied by large families, they did not propose an alternative rate design. Moreover, while several customers of PUI may occupy single person residences, the Company is required to make capacity available in its system to serve any number of persons who may occupy or visit a residence. Further, and as noted by Company

witness Daday, many of the customer complaints which the Company deals with are related to incorrect meter readings which the Company has received from the City. This creates confusion with the Company and customers and results in the need to correct billing errors. *Daday*, Tr. Pg.262. As noted above, uniform flat rates are generally preferred and the burden of establishing the reasonableness of a non-uniform rate design lies with those seeking it. See *August Kohn and Co., Inc. v. The Public Service Commission of South Carolina*, 281 S.C. 28, 313 S.E.2d 630 (1984). For the reasons discussed above, we conclude that this burden has not been met in the instant case by the public witnesses.

Rate design is a matter of discretion for the Commission. In establishing rates, it is incumbent upon us to fix rates which “distribute fairly the revenue requirements [of the utility.]” See *Seabrook Island Property Owners Association v. S.C. Public Service Comm’n*, 303 S.C. 493, 499, 401 S.E.2d 672, 675 (1991). Our determination of “fairness” with respect to the distribution of the Company’s revenue requirement is subject to the requirement that it be based upon some objective and measurable framework. See *Utilities Services of South Carolina, Inc. v. South Carolina Office of Regulatory Staff*, 392 S.C. 96, 113-114, 708 S.E.2d 755, 764-765 (2011). The Supreme Court has approved of our use of single family equivalents in the rate design for a sewer utility where the evidence supports it. See *Seabrook Island Property Owners Ass’n v. South Carolina Public Service Commission*, 303 S.C. 493, 401 S.E.2d 672 (1991). The current rate design providing for uniform, flat rates for residential customers meets this requirement in that it recognizes that even though residential wastewater flow can vary considerably by and among customers, there is no means by which these variances in demand may be readily and economically measured. Thus, spreading the cost associated with that service equally among all customers within the class based upon design guidelines projecting their relative maximum daily

wastewater discharges is both objective and measurable. Similarly, the imposition of flat rates on commercial customers based upon equivalencies established under the DHEC guidelines found in Appendix A to R. 61-67 satisfies this requirement in that it treats similarly situated commercial customers uniformly, while recognizing that differences exist in the pollutant strength of wastewater and the volume of wastewater flow between commercial and residential customers. We decline to adopt the alternative of rates based on water usage as proposed by the public witnesses as it is not based upon a measurable framework since the Company does not have access to metered water consumption data for its customers.

h) Performance Bond

PUI is currently providing the maximum amount required for its performance bond in the amount of \$35,000. Using the criteria set forth in S.C. Coe Ann. Regs. 103-512.3.1, ORS recommended that PUI maintain the current performance bond amount. PUI did not challenge the performance bond amount. Accordingly, and pursuant to S.C. Code Ann. §58-5-720 and S.C. Code Ann. Regs. 103-512.3, the Commission requires that PUI maintain its performance bond in the amount of \$350,000 for its sewer operations.

i) Other Adjustments

The remaining ORS adjustments are accepted by this Commission without discussion. These additional adjustments were not disputed by the Company or were caused by carrying out the adjustments adopted above.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based upon the Application, the testimony and exhibits of the witnesses which were received into evidence at the hearing, and the entire record of these proceedings, the Commission makes the following findings of fact and conclusions of law:

1. By statute, the Commission is vested with jurisdiction to supervise and regulate the rates and service of every public utility in this State, together with the duty, after hearing, to ascertain and fix such just and reasonable standards, classifications, regulations, practices and measurements of service to be furnished, imposed, observed and followed by every public utility in this State. S.C. Code Ann. § 58-5-210 (2015). The Company is engaged in the business of providing wastewater collection and treatment services to the public for compensation in portions of Kershaw and Richland counties and is therefore a public utility subject to the Commission's jurisdiction.

2. The Company is lawfully before the Commission on an application for rate relief and modifications to the terms and conditions of its services pursuant to S.C. Code Ann. §58-5-240 (A) (2015) and S.C. Code Ann. Regs. 103-503 and 103-512.4.A.

3. The appropriate test year for use in this proceeding is April 1, 2016 to March 31, 2017. The Company submitted evidence in this case with respect to its revenues and expenses using a test year consisting of the twelve (12) months ended March 31, 2017. Testimony filed by ORS set forth ORS's proposed adjustments to the test year revenue and expense figures submitted by PUI.

4. The Commission finds that PUI has invested approximately \$71 Million in new plant, equipment and facilities since the end of the test year. We further find that PUI has established total utility operating expenses of \$15,390,617.

5. The Company, by its application originally sought an increase in its annual sewer service revenues of \$11,392,065 based upon a proposed monthly sewer service charge of \$68.05 for residential customers and \$68.05 per single family equivalent (as a minimum) for commercial customers.

6. The intervenors submitted no evidence in this docket and did not appear at the merits hearing held before the Commission.

7. In accepting ORS' position regarding the use of interest synchronization, the Commission additionally adopts ORS' calculation of PUI's capital structure of 45% long-term debt and 55% equity and a debt rate of 4.48%.

8. A three (3) year amortization period for rate case expenses is a reasonable balance of the interests of PUI and its ratepayers.

9. We find that the Company is entitled to \$260,855 in total rate case expenses, including \$58,598 submitted to ORS by the Company post-hearing. This amount amortized over 3 years less the Company's per book amount yields a post hearing adjustment of \$51,993. This amount is reflected in the attached Order Exhibit 2; a recalculation of ORS Audit Exhibit ALB-1 (Hearing Exhibit 13) which includes the approved addition in rate case expense.

10. Based on the adjustments recommended by ORS through its Direct testimony, as amended by the Surrebuttal testimony of Witnesses Butler, Morgan and Carlisle, at the rate requested by the Company in its Application, PUI's proposed increase would yield an additional

\$7,941,108 in additional net income. This would provide PUI total net income of \$8,394,625 and an Operating Margin of 30.87%.

8. After careful review and consideration by this Commission of the evidence contained in the record of this case, consisting of the testimony and hearing exhibits presented by PUI, ORS and the public, the Commission finds that the position of ORS in regard to the issues of interest synchronization, tax expenses, and extraordinary retirement are based on a correct regulatory analysis of know and measurable costs and are therefore adopted by the Commission.

9. We conclude that based on the operating experience, quality of service, and continued investment in its plant facilities, that PUI is entitled to an allowable operating margin of 15%. See S.C. Code Ann. § 58-5-240(H) (2015).

10. The Commission finds and concludes that based on the evidence in the record, the operating revenues, income, and expenses as detailed below, and a 15% operating margin that PUI will have the opportunity to earn additional operating revenues of \$3,653,497. Order Exhibit 2.

11. We find that to earn these additional revenues, that the Company is entitled to set new rates at a flat monthly rate of \$49.88 per residential customer and SFE. This represents an increase of \$11.38 over current average bills of both the PUI and PRC systems of \$38.50 per month.

12. The Commission finds and concludes that the above stated rates and additional revenues will provide PUI with the opportunity to earn the approved Operating Margin of 15%

13. We find that the rates and charges reflected in the rate schedule attached hereto as Order Exhibit No.1 are just and reasonable, fairly distribute the costs of providing service as

reflected in the Company's revenue requirement and allow PUI to continue to provide its customers with adequate sewer service. We find that this rate schedule provides terms and conditions for sewer service that are also just and reasonable. Further, the rates set forth in Order Exhibit No. 1 allow the Company an opportunity to earn a reasonable return on its investments. We therefore find that the rates, charges, and terms and conditions of service contained in the rate schedule attached as Order Exhibit No. 1, are just and reasonable.

14. The Commission finds that the proposed modifications and additions to the terms and conditions of the Company's sewer service, specifically the language referring to the adjustments to connection and user fees, are reasonable and balance the needs of both the company and its customers and are appropriate, just and reasonable.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Commission finds that the Company is entitled to \$3,653,497 per year in additional revenues; for an overall annual revenue requirement of \$20,094,010.
2. A flat rate of \$49.88 per month for each residential customer or SFE is ordered and shall be effective for service rendered by the Company on and after the date of this order.
3. The Company is further hereby authorized and approved to charge the connection fees, user fees and other rates charges as set forth in the attached Order Exhibit No. 1.
4. The additional annual revenues that the Company is entitled the opportunity to earn produces an operating margin of 15%.

5. The Company's books and records shall continue to be maintained according to the NARUC Uniform System of Accounts.

6. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Swain Whitfield, Chairman

ATTEST:

Randy Randall, Vice-Chairman